

THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines
ISSUED BY STATE BOARD OF ACCOUNTS

Volume 170

June 2005

ITEMS TO REMEMBER

JUNE

June 1: Prove the Fund Ledger and Ledger of Receipts for the month of May to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.

June 20: Payment for school aid bonds and coupons coming due in July must be made to civil townships by reorganized school corporations where the reorganized plan provides for such payments or where the board of school trustees has provided for such payments by resolution. (IC 20-4-1-35; IC 20-4-1-38)

Last day to report and make payment of state and county income tax withheld during May to the Department of Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, of The School Administrator and Uniform Compliance Guidelines.)

June 30: Close out all payroll deduction clearing accounts. Balance and close the Fund Ledger and Ledger of Receipts for the school year and reconcile with depositories. Total the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances (January 1 to June 30). Close the ledger for the school year and prove to the Fund Ledger.

School board members taking office in July, file certified copy of oath in the circuit court clerk's office of the county containing the greatest percentage of population of the school corporation. (IC 5-4-1-4)

JULY

July 1: Open a Fund Ledger and Ledger of Receipts for the next school year by entering the balance of each fund as determined and proved for June 30. Open a Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances for the next school year by entering in each program account the balance of unexpended appropriations, and by entering in each expenditure account within each program, the balance of the unexpended allotment.

July 4: Independence Day - Legal Holiday. (IC 1-1-9-1)

July 20: Last day to report and make payment of state and county income tax withheld during June to Department of Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, The School Administrator and Uniform Compliance Guidelines.)

July 31: Last day to file Federal Quarterly Report, Form 941, with the Internal Revenue Service for federal and social security taxes for the second quarter.

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AUGUST

- Aug 1: Prove all ledgers for the month ending July 31 as outlined for the month of June.
- Aug 15: Not earlier than August 1 or later than August 15 the secretary of the board of school trustees is to publish an annual financial report, in accordance with IC 5-3-1-1 et seq.
- Aug 20: Last day to report and make payment of state and county income tax withheld during July to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, The School Administrator and Uniform Compliance Guidelines.)
- Aug 31: Last date for the first publication of budgets (10 days prior to the public hearing). (IC 6-1.1-17-3)
- NOTE: See the September "The School Administrator and Uniform Compliance Guidelines" for budget dates or call the Department of Local Government Finance at 317-232-3773.

Prior to September 1 of each year, the superintendent of each school corporation shall cause to be made to the Office of the State Fire Marshal an inspection report of all heating systems and supporting fuel lines used for school purposes. (IC 20-5-43-2)

SALE OF PROPERTY - PROVISIONS AND RECEIPTS

Provision for the sale of unneeded property and disposition of the proceeds can be found in IC 20-5-5-1 which states, "Whenever the governing body of a school corporation determines that any real or personal property is no longer needed for school purposes or should in the interests of the school corporation be exchanged for other property, it may sell or exchange such property in accordance with the provisions of IC 36-1-11. The money derived from the sale or exchange of such property shall be placed in any school fund established under applicable law which the governing body of the school corporation in its discretion shall deem appropriate." We will not take audit exception, based on these provisions, to the receipts from the sale of school property being placed in any of the approved statutory funds.

IC 36-1-11-5.5 states, "Notwithstanding IC 5-22-22 and sections 4, 4.1, 4.2, and 5 of this chapter, a disposing agent of a school corporation may sell or transfer: (1) real property; or (2) tangible or intangible personal property, licenses, or any interest in the tangible or intangible personal property or licenses that are used in, or related to, the operation of a radio station by a school corporation; for no compensation or a nominal fee to a not-for-profit corporation created for educational or recreational purposes unless the corporation is subject to section 16 of this chapter."

IC 20-4-5-8 provides in part, "(b) This subsection applies whenever the consolidated school board of a consolidated school corporation decides that property acquired under subsection (a) from a township is no longer needed for school purposes. The school board shall offer the property as a gift for park and recreation purposes to the township that owned the property before the school was consolidated. If the township board accepts the offer, the school board shall give the township a quitclaim deed to the property. This deed must state that the township is required to use the property for park and recreation purposes. If the township board refuses the offer, the school board may sell the property in the manner provided in subsection (c).

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SALE OF PROPERTY - PROVISIONS AND RECEIPTS
(Continued)

(c) This subsection provides the procedure for the sale of school property that is no longer needed for school purposes by the board of a consolidated school corporation. The board shall cause such property to be appraised at a fair cash value by three (3) reputable resident freeholders of the school corporation offering such property for sale. Said appraisals shall be made under oath and spread of record upon the records of said board. No sale shall be made for less than the appraised value and must be made for cash. The sale shall take place after the board gives notice under IC 5-3-1 of the terms, time, and place of sale.

(d) Proceeds from any sale under subsection shall be placed in a special school fund of such consolidated school corporation designated as the capital outlay fund which shall be available for capital outlay of said school corporation."

PROMOTION OF SCHOOL

IC 20-5-2-2 (2.5) concerning promotion of school provides a board of school trustees the authority "To appropriate from the general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based upon the school corporation's previous year's average daily membership (as defined in IC 21-3-1.6-1.1) for the purpose of promoting the best interests of the school corporation by: (A) the purchase of meals, decorations, memorabilia, or awards; (B) provision for expenses incurred in interviewing job applicants; or (C) developing relations with other governmental units."

COURT FILING FEES

IC 33-37-3-1 provides "(a) The fees prescribed in civil actions or paternity actions may not be collected from the state or a political subdivision in an action brought by or on behalf of the state or the political subdivision. (b) This section does not prevent collecting fees from a defendant when the state or political subdivision is successful in its action."

Since school corporations are included in the definition of a political subdivision, court filing fees in both civil and small claims court are not applicable. Furthermore, the State Board of Accounts is of the audit position that item (b) above concerns the applicable court collecting fees, not a school corporation.

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MINIMUM WAGE AND OVERTIME PROVISIONS

Your attorney should be consulted concerning the federal minimum wage and overtime provisions of the Fair Labor Standards Act applicable to school corporations. The Act generally exempts professionals from coverage and teachers are expressly included in that category with certain exceptions. However, office personnel, maintenance workers, cafeteria workers, bus drivers and others have been included.

The overtime pay issue has required the State Board of Accounts to prescribe form 99c, Employee's Weekly (work period) Earnings Record (Form 99c) which is designed to meet the record keeping requirements of the minimum wage and overtime provisions of the Fair Labor Standards Act (FLSA). The form should be maintained for employees who are not exempt from FLSA and who are not on a fixed work schedule when the governmental unit pays other than weekly.

School corporations should constantly be aware of all of the areas of employment in the school corporation where overtime right attaches and establish a system to accurately record hours worked.

TRIPS BY EMPLOYEES AND OFFICIALS EXTRA-CURRICULAR TRIPS AND PAY FOR SERVICES

IC 20-5-2-2 authorizes a school corporation to pay school employees for making certain trips during the time school is in session and to pay the expense of such necessary trips. Subsection 8 states in part . . . ". . . when the governing body by resolution deems a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including but not limited to attending meetings, conferences, or examining equipment, buildings, and installation in other areas, to permit such employee to be absent in connection with such trip without any loss in pay and to refund to such employee or to such member his reasonable hotel and board bills and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips or activities."

IC 20-5-2-2 authorizes a school corporation to pay the reasonable expense of a trip made by a board member, if the board adopts a resolution that such trip is in the interest of the school corporation. IC 20-5-2-2 also authorizes a school corporation to pay an employee for days away from the classroom during a trip when school is in session, if the board adopts a resolution that such trip is in the interest of the school corporation. The reasonable expenses of the trip for such an employee may also be paid by the school corporation, if the trip is authorized by the board.

Pay of teachers and other personnel for service at interscholastic athletic event such as ticket takers, scoreboard personnel etc., are expenses of the Athletic Fund of the Extra-Curricular Account. Pay of concession stand supervisors and of ticket takers, etc. for fine arts events should be paid from the proceeds of the activity sponsoring these events. Payment to all such personnel must be by way of a payroll. If an extra-curricular payroll is not maintained, the payments may be made a part of the school corporation payroll and charged to a school corporation General Fund appropriations; however, the General Fund must be reimbursed for such payment by the activity which the employees served.

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ELECTRONIC FUNDS TRANSFER OF STATE DISTRIBUTIONS

IC 4-8.1-2-7 provides that State distributions may be received via Electronic Funds Transfer (EFT). The following reviews the guidelines and procedure for distributions that can be acquired.

IC 5-13-5-5 and IC 20-5-3-1 provide that when the governing body authorizes a treasurer to transact the school corporation business with a financial institution via EFT a resolution must be adopted. The resolution must specify the type of transactions to be conducted by EFT and requires that adequate documentation of the transaction(s) are maintained.

The following procedures must be followed if your school corporation receives EFTs from the State.

- (1) Determine which distributions you wish to have electronically transferred.
- (2) School Board must adopt a resolution authorizing the EFT. Each distribution to be electronically transferred should be stated in the resolution.
- (3) Select a designated depository or depositories to handle your transactions.
- (4) Execute the Authorization Agreement for Automatic Deposit, General Form 368 (copy attached). An Authorization form is needed for each distribution requested electronically. (Please note the form attached contains a printing error showing General Form 36, instead of General Form 368).
- (5) Record the transaction in applicable receipt accounts.

**PURCHASES WITH SUPPLIERS THROUGH STATE CONTRACTS
AND WITHOUT GIVING NOTICE OR RECEIVING BIDS**

We often receive inquiries regarding how a school corporation can purchase supplies utilizing a State contract.

IC 4-13-1-1 states in part, (c) ". . . the following entities may, with the consent of the commissioner of the department of administration, use the services of the department: . . . (4) A political subdivision, as defined in IC 36-1-2-13."

IC 5-22-10-15 states in part, (b) "A purchasing agent for a political subdivision may purchase supplies if the purchase is made from a person who has a contract with a state agency and the person's contract with the state requires the person to make the supplies or services available to political subdivisions, as provided in IC 4-13-1.6 or IC 5-22-17-9."

IC 5-22-17-9 states, "A contract entered into by a state agency may require the contractor to offer to political subdivisions the services or supplies that are the subject of the contract under conditions specified in the contract."

Please call the Department of Administration at 317-232-3901 or visit the website at www.in.gov/idoa/proc for more information.

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DRUG FREE WORKPLACE ACT

School corporations which receive Federal assistance have an organizational-wide audit performed by the State Board of Accounts in accordance with OMB Circular A-133. School corporations need to be aware of compliance requirements for the Drug Free Workplace Act which may be found at http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=browse_usc&docid=Cite:+41USC702.

Please note the requirements for publication, establishing a drug-free awareness program, providing copies of the program, employee notification, and debarment provisions.



AUTHORIZATION AGREEMENT FOR AUTOMATIC DEPOSIT STATE OF INDIANA DISTRIBUTIONS TO POLITICAL SUBDIVISIONS BY EFT

State Form 49002 (7-98) / General Form No. 36

Approved by State Board of Accounts, 1998

The information contained on this form is **CONFIDENTIAL** according to IC 5-14-3-4(a)(5).

INSTRUCTIONS:

1. Prepare a separate form for each different state distribution your fiscal body elected to receive by electronic transfer of funds.
2. Political subdivision will complete first part and refer to a designated depository.
3. Designated depository will complete second part and return to the political subdivision.
4. Political subdivision will file completed form with Auditor of State, 240 State House, Indianapolis, IN 46204
5. Political subdivision and depository should retain a copy. Blank forms are available from Auditor of State, Telephone: (317) 232-3300.

Co #
Corp #
List all 2 digit distributions

POLITICAL SUBDIVISION'S REQUEST AND AUTHORIZATION

On _____, the fiscal body¹ of _____
Date Political Subdivision
elected, pursuant to IC 4-8.1-2-7(c), to receive the State distribution for _____
_____ by means of an electronic transfer of funds.
Name of Distribution

In compliance with the aforementioned election, this is to (1) request the Auditor of State to have the Treasurer of State initiate deposits, by electronic transfer of funds, to the demand or savings account in the designated depository named herein and (2) authorize the designated depository to deposit and credit to the account identified herein the amounts transferred electronically. The political subdivision may revoke or cancel this request and authorization by official, written notification to the Auditor of State, with a copy to the designated depository.

Name of depository

Type of account:

☐ Demand (checking) ☐ Savings

Depository account number

Date (month, day, year)

Signature of Fiscal Officer ²

Date (month, day, year)

Signature of County Treasurer's Authorization (County Requirement Only) IC 36-2-10-23(a)

DEPOSITORY APPROVAL

The above is satisfactory and the undersigned designated depository agrees to accept such automated deposits.

Name of depository

Address (number and street, city, state, ZIP code)

Date (month, day, year)

Authorized signature of depository

ABA Trans-Routing number

Title

¹ Fiscal Body (IC 36-1-2-6) means:

- (1) County council, for a county not having a consolidated city;
- (2) City-county council, for a consolidated city or county having a consolidated city;
- (3) Common council, for city other than a consolidated city;
- (4) Board of trustees, for a town;
- (5) Advisory board, for a township/ or
- (6) Governing body or budget-approval body, for any other political subdivision.

² Fiscal Officer (IC 36-1-2-7) means:

- (1) Auditor, for a county;
- (2) Controller, for a consolidated city or second class city;
- (3) Clerk-treasurer, for a third class city;
- (4) Clerk-treasurer, for a town; or
- (5) Trustee, for a township.

For purpose of this agreement, fiscal officer will be:

- (1) Treasurer (IC 20-5-3-1), for a school corporation; or
- (2) Treasurer (IC 20-14-2-5), for a public library.